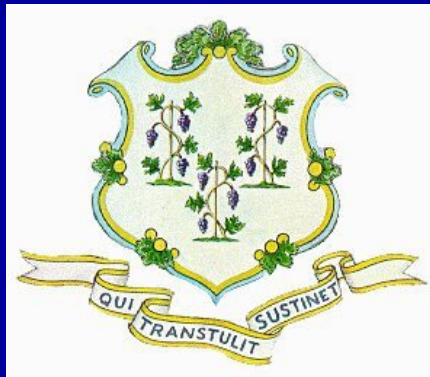


Report
of the
Probate Court Administrator
on a
Probate Court
Reorganization Plan



TO THE CHIEF JUSTICE

October 1, 2004

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PLAN SUMMARY

The Hon. William J. Sullivan, Chief Justice, directed that the Probate Court Administrator establish a plan for the reorganization of the probate court system and deliver it to him on or before October 1, 2004. The following is an executive summary.

The purpose of the plan is to address the finances and operation of the probate court system. The probate court system anticipates a reduction in the growth of its revenues combined with ongoing increases in expenses. It is anticipated that the system will incur losses of almost \$600,000.00 in 2004. The annual deficit will increase in successive years.

Careful consideration was given to various options, and three alternative proposals were developed. They are set forth in detail in the Plan.

Proposal # 1 requires payment of probate court cost overruns by the State from its General Fund in accordance with C.G.S. §45a-83.

Position: The Probate Court Administrator does not recommend adoption of the first proposal.

Proposal # 2 requires the elimination of 75 courts. In addition to closing courts, the proposal mandates increasing fees for court services and shifting health care costs for retired and active judges and court personnel to the General Fund. Although adoption of this alternative would result in the establishment of a viable system, complexities are considerable, and the ultimate financial stability of the resulting courts would be uncertain.

Position: The Probate Court Administrator does not recommend adoption of the second proposal.

Proposal # 3 is more complex than either of the foregoing and results in a comprehensive reorganization of the system. The third proposal envisions the following:

- There will be a total of 123 districts. Each judge will be elected and will handle all administrative matters, streamline matters, and non-contested cases.
- 101 probate districts will serve towns or populations of less than 50,000.
- There will be 22 courts that will serve towns or districts having populations of 50,000 or more. Those judges will hear contested cases in addition to the administrative and streamline matters and non-contested cases.
- Trial judges will be appointed.

- There will be regional courts for the purpose of administrative oversight.
- Specialty courts will provide services in areas such as children's matters, conservatorship matters, and mental health issues. The judges and staff members will receive in-depth training in the specialty areas.
- Compensation: A committee of not less than 5 nor more than 10 judges will be appointed to draft and recommend a compensation plan.
- The Probate Court Administration Fund shall be the repository for all monies collected by all the courts.
 - For districts with populations over 50,000, regional courts and specialty courts, the Probate Court Administration Fund, through the office of the Probate Court Administrator, shall assume responsibility for all salaries and expenses, pursuant to a budgetary process. A panel of judges shall be designated to assist the Probate Court Administrator in the event of budgetary disagreements.
 - For districts with populations of less than 50,000, the towns comprising the districts and the Fund shall share the expenses of the courts and salaries of probate judges and staff. The Probate Court Administrator will pay to local courts an amount that is the lesser of: 1) the population of the district served multiplied by a factor of \$2.00, or 2) one half of the amount actually paid by the town or towns served by the court.
- All judges will be elected in the manner prescribed by C.G.S. §45a-18. Upon recommendation of the Probate Court Administrator, the Chief Justice will appoint trial court judges, regional court judges, and specialty court judges from among the elected judges.
- All probate courts will be fully computerized by the Probate Court Administrator.

Funding for implementation of this reorganization shall be from the Probate Court Administration Fund. No General Fund monies shall be utilized to implement this plan.

REORGANIZATION PLAN

This spring, the Honorable William J. Sullivan, Chief Justice of the Connecticut Supreme Court and head of the state's Judicial Branch, including the probate courts, ordered the Probate Court Administrator to develop and submit a Plan on or before October 1, 2004 to ensure the future viability of the probate court system. This Plan will consider issues such as court efficiency and service, community needs, qualification and compensation of judges and other related matters.

Pursuant to the direction of the Chief Justice, the undersigned, as Probate Court Administrator, has made a careful survey of the materials that have been developed by other groups studying this problem, as well as criticisms of those reports, and suggestions from a multitude of sources. I have made careful inquiry of persons having knowledge of the subject matter, including active and retired probate court judges and legislative leaders. I have also made my own independent inquiries and have analyzed the finances of the present probate court system in depth. My findings are set forth in the following Plan.

I. Historical Background of the Probate Courts

The earliest probate courts were established in 1698 in Hartford, New Haven, Fairfield and New London. As Connecticut grew and the needs of its people became greater, additional courts were established. Initially, the work of the probate courts was devoted primarily to the management of decedents' estates and trusts, with some attention to social service issues of the infirm elderly, the mentally impaired and children. The work of the courts was governed by a developing set of laws. Otherwise, each court was quite independent of the others. Each established its own system of forms, procedural standards and principles, and administered its affairs as a separate business enterprise.

After 1850, probate judges, like many other state officers, were elected by popular vote and served two-year terms. (Note: The term limit was changed to four years in 1948.) The judges were responsible only to the electorate and were not supervised by either local government officials or state government officials. Their position initially was more in the nature of a local community servant than a judicial officer, but with an unusual type of authority. Another unusual attribute of the Connecticut probate system, perhaps unique to this state, was the fact that Connecticut's probate judges traditionally were not paid a salary; rather, each judge's income was derived from fees charged to users of the court, less expenses of operation. The judge received the court revenue and then paid salaries to the staff as well as the operating expenses of the court. The judge then retained the balance as his or her personal income. Even today, probate judges, most of whom are part-time judges, still report their income to state and federal taxing

authorities on Schedule C of their income tax returns as a sole proprietorship business enterprise, rather than as salary or wage income.

In the middle of the twentieth century, this system began to change. In 1967, the Connecticut Legislature, reacting to claims of widespread mismanagement in the probate court system, began to restructure the system. The courts were placed under the supervision of the Office of the Probate Court Administrator, and a regulatory scheme was established to govern the management and operation of the courts. A uniform system of forms was developed; a practice book was written; and standardized management principles were established. Some aspects of the financial management of the courts were addressed as well, with attention to a higher degree of efficiency and responsibility. Communities benefited from a higher level of professionalism than in the past, and the claims of critics appeared to have been satisfied.

As part of the review by the Legislature, financial controls were put into place for the first time. A simplified fee structure was established. After payment of the court staff and the court's overhead, the judge was paid a sum pursuant to a statutory formula, still based on the individual court's income, but subject to certain limitations for the first time. A judge's salary could no longer exceed that of any other judicial or state official, and the maximum salary became limited to a percentage (three-fourths) of the salary of a superior court judge. If a court had net revenue in excess of that amount, the balance remaining after the judge received his or her compensation was then distributed to the Probate Court Administration Fund to satisfy operating expenses of the system as a whole. System-wide, excess funds were paid to the State of Connecticut to be held in the Probate Court Administration Fund, under the control of the Probate Court Administrator.

II. Recent Developments

After the reorganization of 1967, several developments combined to contribute to conditions that the probate court system faces today.

A. Large courts grew at a more rapid pace than the smaller courts, and the nature of the work of city courts changed. Numbers of cases involving children grew dramatically. Case types that were previously simpler and fewer in number became more complex and demanding of resources. Children who were involved in cases pending before the courts were increasingly exhibiting symptoms of serious abuse and neglect, and probate judges did not have the resources to effectively address their needs. The elderly poor living in the cities were vulnerable and unable to meet their own needs without formal intervention. Again, the probate courts were structurally limited in their ability to produce resources to assist them.

Some of the larger courts were located in cities with mental health services provided by large hospitals. Those courts were increasingly called upon to assist in managing the cases of persons found to be suffering from serious mental disorders. This work demanded additional specialized attention and services from court staff.

The smaller courts faced some of these problems as well, but, in general, they did not experience the intensity or volume felt by the large courts located in the cities, and they continued more as traditional probate courts. The result of these historical developments was the creation of a *de facto* two-court system with each set of courts serving the unique and very different needs of its own constituency.

B. The wealth of many communities in Connecticut grew dramatically from the 1960s into the beginning of the new century. Since probate fees on decedents' estates, trusts, and conservatorships were based upon the size of those estates, the revenue of many courts increased correspondingly. This was true particularly after 1993 when the gross revenue of the system was \$13,500,000 and until 2002 when it was slightly greater than \$25,700,000. The increases in revenue led to increases in compensation to the judges and a sizable reserve in the Probate Court Administration Fund. In addition, the number of probate courts increased to a maximum of 133. It is only recently that the number of courts began to decline due to financial constraints, and there are now 123 courts.

C. Early in the 1990s, legislators pressed for elimination of the succession tax to increase Connecticut's competitiveness with other states. Connecticut was losing many of its elderly citizens to states such as Florida as they tried to avoid costly taxes on death. As a result, Connecticut also lost the income tax and sales tax revenues generated by these former citizens, many of whom were quite prosperous. Historically, the State had levied a tax upon spouses, children and others who received distributions from estates. It was the role of the probate courts, together with the Department of Revenue Services, to help provide for the administration of the tax. The courts accepted tax returns for filing, reviewed them initially for accuracy and consistency, and then forwarded them to the Department of Revenue Services for examination and audit. The courts also provided a forum for resolution of disagreements between the taxpayer and the State. As part of this system, the probate courts were paid a fee based upon the size of the estate for succession tax purposes. When legislation was proposed to phase out the succession tax to make the State more competitive, one of the predicted consequences was that once the tax was gone, its absence would necessarily relieve the taxpayer of the obligation to file such a return and thus also eliminate the basis for generation of substantial fee-based income for the courts. Some estimates indicated that the income would be reduced by five million to eight million dollars or as much as 25% of the income of the entire system.

D. In 1997, probate fees were increased in response to the expected shortage resulting from the succession tax elimination. It was believed that additional income would be produced and that this income would be saved as part of the Probate Court Administration Fund, thereby helping to replace the loss derived from the eventual elimination of the succession tax.

E. The elimination of the succession tax did not immediately result in reduced revenues. Instead of eliminating the tax in its entirety, the legislation provided for the phase-out of the tax over a series of years, ending in 2008. During this period, people are still required to file succession tax returns, even though the

new revisions eliminate the need for a very large percentage (over 90%) of people to actually pay any tax. Non-taxable tax returns continue to be filed in growing numbers. They require less work to administer than the previous taxable returns, but they generate large fees for the courts, thereby temporarily assuring a continued source of revenue to the probate system.

F. The probate fee increases instituted in 1997 generated surpluses system-wide. With the availability of additional funds, the judges increased staffing levels, thereby increasing expenses for staff salaries and health insurance. The judges also developed a revised schedule increasing judicial compensation, which was enacted by the Legislature in 1998. Taken together, these refinements have created a significant fixed cost burden upon the system.

Judges' Compensation		Clerks' Compensation	Health Insurance Costs
1996	\$4,357,000.	\$5,718,000.	\$1,412,000.
2003	\$6,439,000.	\$8,256,000.	\$2,203,000.
% increase	48%	44%	56%

III. The Problem

All of the elements set forth above have worked to create an unfavorable effect on the financial structure of the probate court system. Income to the system, which had been growing at an average rate of \$1,500,000 to \$2,000,000 per year, has ceased to show any appreciable growth, while expenses continue to rise. Expenses during the five-year period prior to 2004 increased at a rate that was greater than the rate of growth in income. Currently, expenses increase two million dollars each and every year. With the loss of growth in income and continued growth in expenses, best estimates predict that the growth in expenses will exceed the growth in income during the fourth quarter of 2004. That condition will not change in the foreseeable future. Furthermore, once the succession tax is fully eliminated in 2008, it is likely that revenues will begin to decrease as well, while expenses continue to mount.

The following elements contributed to this condition:

A. One of the main problems with the system came with the gradual phase-out of the succession tax and the system's reaction to it. The complete elimination of the succession tax is expected to result in substantial reductions in revenue in the future. However, because all decedents' estates must still file tax returns to clear title to real estate, even though more than 90% of estates pay no succession tax whatsoever, the revenue reductions have not yet begun to occur. So the problem that was expected to develop has been postponed — at least for the time being — and the “cure” of fee increases, instead of fixing the system, has helped to cause the current problem. By increasing fees in advance, the judges expected to maintain revenues at former levels and build up a reasonable surplus for a future rainy day. When the fees related to the succession tax continued unabated, however, an embarrassing surplus developed. This surplus created new problems, for by increasing compensation and modifying the health insurance plan, the primarily part-time judges burdened the system with new, fixed obligations.

Today, the probate court system is faced with a high, fixed overhead for compensation and health care. This is rapidly driving operating costs higher at a time when revenues are flat and will likely decrease in the future.

B. Second, as social problems developed, the larger courts located in the cities found their resources taxed by the growing expense of operating the courts. Unlike the suburban courts, the urban courts had no corresponding increase in revenue. The problems they faced required additional staff and increased costs of operation. The decedents' estates and trusts generated by estates of poor inner city residents did not provide the same increases in revenue experienced by the suburban courts. As a result, some of the large city courts ran into financial difficulty.

C. The makeup of the courts has caused two distinct types to develop:

1) A significant number of courts operate with effective staffs and without considerable effort on the part of the judge, who often serves part-time. They have revenue flow that is more than adequate to meet their needs. The judge is generously compensated for time spent in the court and often has outside employment that occupies the majority of his or her time.

2) The second type of courts are the larger courts located within the cities. These courts provide both for the general probate requirements of their citizens and also for community social needs in environments where people are suffering from considerable stress. The judges are working almost full-time, and the personnel requirements of the courts are significant. These courts produce a substantial workload and meet the tremendous community needs of many of Connecticut's citizens, but they will not be able to operate in the foreseeable future without outside financial support.

D. As of 2002, courts located in towns having a per capita income of over \$35,000 were generating substantial revenue, while 57 courts (out of 130) were not generating enough revenue to pay the expenses of operating and accrued benefits. The Probate Court Administration Fund subsidized those courts in the amount of \$477,000 in 2002.

E. In 2003, the revenue of the system failed to increase significantly for the third straight year. Furthermore, early reports in 2004 indicate a growth in income no greater than it was in 2003. Therefore, it is reasonable to project a reduction in gross income in 2004.

F. The probate court system's problem is not the product of the repeal of the succession tax, which has not yet taken place. The problem is related to our own increases in expenses. The system has seen expenses increase at the rate of two million dollars per year for the past four years. The increases are attributed to health care expenses and increased compensation for judges and court staff. Because of the nature of the increases, I do not anticipate that the increases will be any less in 2004.

At this point, a reasonable projection will show a systemic deficit of 1.5 million dollars for 2005. The risk of loss attributable to the phase-out of the succession tax does not

appear to be a problem for 2004, since decedents' estates are still required to file returns, although fewer than 10% are actually paying any taxes. Notwithstanding the current circumstances, however, the tax will be entirely phased out, and all obligations for filing of returns will presumably cease in 2008. The effect of that phase-out should have a severe adverse impact upon the future revenue of the system.

IV. Considerations

Formal study committees have carefully evaluated the probate court system over several years. Most recently, the Office of Legislative Research (OLR) reviewed the system and noted the following figures for the year 2002, when there were a total of 130 probate courts. Only 34 of the courts had gross receipts of at least one percent of the total system revenues; 96 courts had gross receipts each less than one percent of the total system revenues. Examining the matter by population, the OLR study concluded that only 36 probate districts served a population greater than one percent of the state total in 2002, while 94 probate districts (over 70% of the system) served a population *below* one percent of the state's citizens. Study after study points out the disparities among probate districts in both size and income. The reports of these groups, including the Connecticut Bar Association's multi-year Task Force on the Future of the Probate Courts and a thoughtful study by Casey Family Services on the "Management of Children's Matters Involving Custody and Guardianship," have been duly considered. It will serve no useful purpose to revisit in detail issues previously studied, and serious harm may result if necessary reforms are delayed by repetitive investigations.

The various study findings covered a wide range of issues and reach many of the same conclusions, as noted below.

Summary of various study findings:

Judges should receive better training, perform in a more professional manner, be formally trained in the law and be licensed to practice in Connecticut, and their hours should increase or be at a full-time basis, to avoid real or perceived conflicts of interest. Courts should offer better facilities, serve larger regions to be more cost efficient, have more uniform budgets, and offer better staff services. There should be less disparity from court to court, while the system should maintain its dedication to community service and accessibility.

As a part of the development of this Plan, I encouraged a series of independent discussions with individual judges and groups of judges. Some of their comments are summarized in the next two paragraphs.

Summary of independent discussions with judges:

Many think that judges who make important legal decisions ought to be lawyers. Without question, many said, judges in the large city courts should be attorneys and should be expected to serve on a full-time basis. A few believe that all judges throughout the system should be attorneys, and most believe that non-attorney judges should be permitted to serve until retirement, but they should be replaced by lawyer-judges thereafter.

There is general acknowledgement that compensation for many of the judges is excessive when the workload of their courts is considered. In particular, some judges believe that part-time judges serving in courts in which the workload is low should not be earning \$50,000, \$60,000 and \$70,000 per year. It is not clear what the level of compensation should be. Presumably, it should be tied to a court workload or population and should be reasonable based on the volume of work.

V. The Proposal

The Connecticut probate court system is faced with a multi-faceted problem: declining income, increases in salaries of judges and staff, and increases in health insurance costs.

The income accruing to the probate court system each year is not adequate to support a system with the current number of courts (many of which are part-time courts), without outside sources of revenue. The Legislature has already cited its reluctance to subsidize the system in its current form from general tax revenues. During the five-year period preceding 2002, income grew at a rate of roughly 10%. That is respectable in any environment. Lately, however, growth has dropped to less than 5%. Most projections expect that income will not increase dramatically in the foreseeable future, but no one is projecting a sudden substantial reduction in annual income until the elimination of the succession tax causes a decline after 2008. Projecting that far in the future is always an uncertain science, but contingency plans need to be made to address the possibility.

Expenses are the primary issue, and they are even more important than future declines in income. Court expenses fall into four categories: 1) judges' compensation, 2) staff compensation, 3) court operating expenses, and 4) health care coverage.

Judges' compensation is tied to a fixed schedule. There will be a modest increase system-wide beginning in January 2005. Staff compensation continues to rise annually at the rate of approximately 5%. Although the judges have been encouraged to exercise caution, the increases continue. Court operating expenses also continue to increase, in line with the general increase of expenses throughout the economy. Health care costs are beyond our control and increase consistently at the rate of between 12% and 15% per year. Expressed in terms of dollars, the percentages convert to roughly two million dollars per year. The problem, therefore, is that we face substantial annual increases in expenses while increases in income are modest or nil. The result is a negative net income, otherwise known as an operating loss.

Options for the Future of the Probate Court System

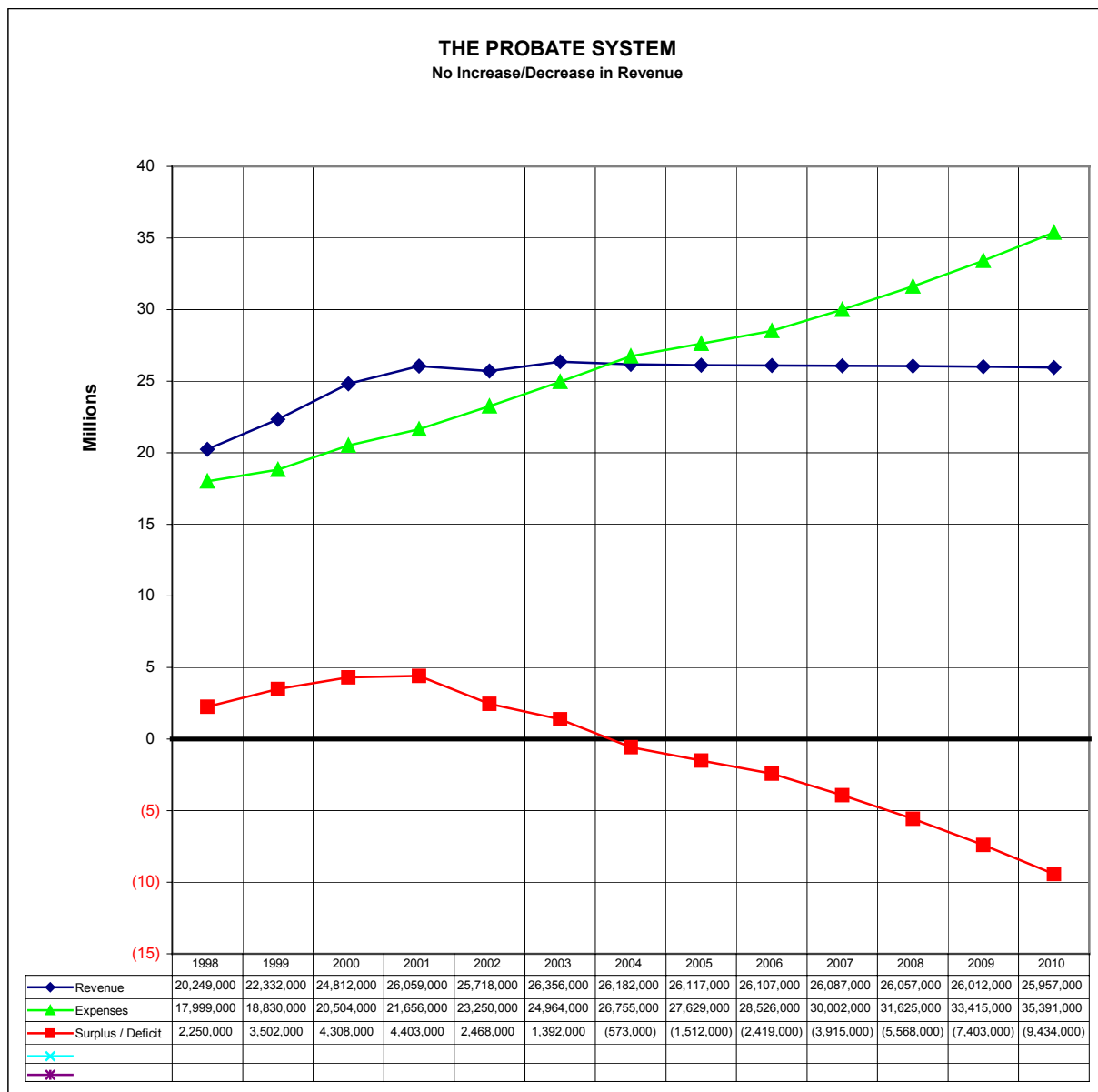
1. State Support of Existing System

C.G.S. §45a-83 provides:

If at any time the trust fund established by section 45a-82 is insufficient to pay the several charges to be paid from it, the Comptroller shall draw his order on the Treasurer for payment, from the General Fund, of such sums as are necessary to pay such charges. When the amount in the trust fund established by said section is more than sufficient to meet the requirements imposed upon it by law, other than amounts which are required to make the retirement fund established by section 45a-35 actuarially sound, all as certified by the Probate Court Administrator, there shall be paid over to the General Fund from the trust fund established by section 45a-82 any moneys paid from the General Fund under this section.

Therefore, by the statute's terms, the State of Connecticut may choose to subsidize the continued operation of the existing probate system by paying any shortages from the State's General Fund. The chart below shows the amounts of the anticipated shortfalls through 2010 that would need to be subsidized in order to maintain the existing system. We believe that the amounts of the shortages are fairly stated and, given the experiences to date, it is fair to estimate that these shortfalls will continue to increase.

Chart # 1



Although C.G.S. §45a-83 does provide for probate court shortfalls to be assumed by the State's General Fund, I believe that the drafters of this statute did not contemplate unlimited coverage for an unrestricted period of time without any attempt to improve efficiency and reduce costs. While coverage of temporary shortfalls may be sensible, I believe that it is unreasonable to expect the Legislature to undertake payment of increasing shortfalls for an economically distressed system without limitation. Therefore, it is prudent to offer one or more responsible alternatives.

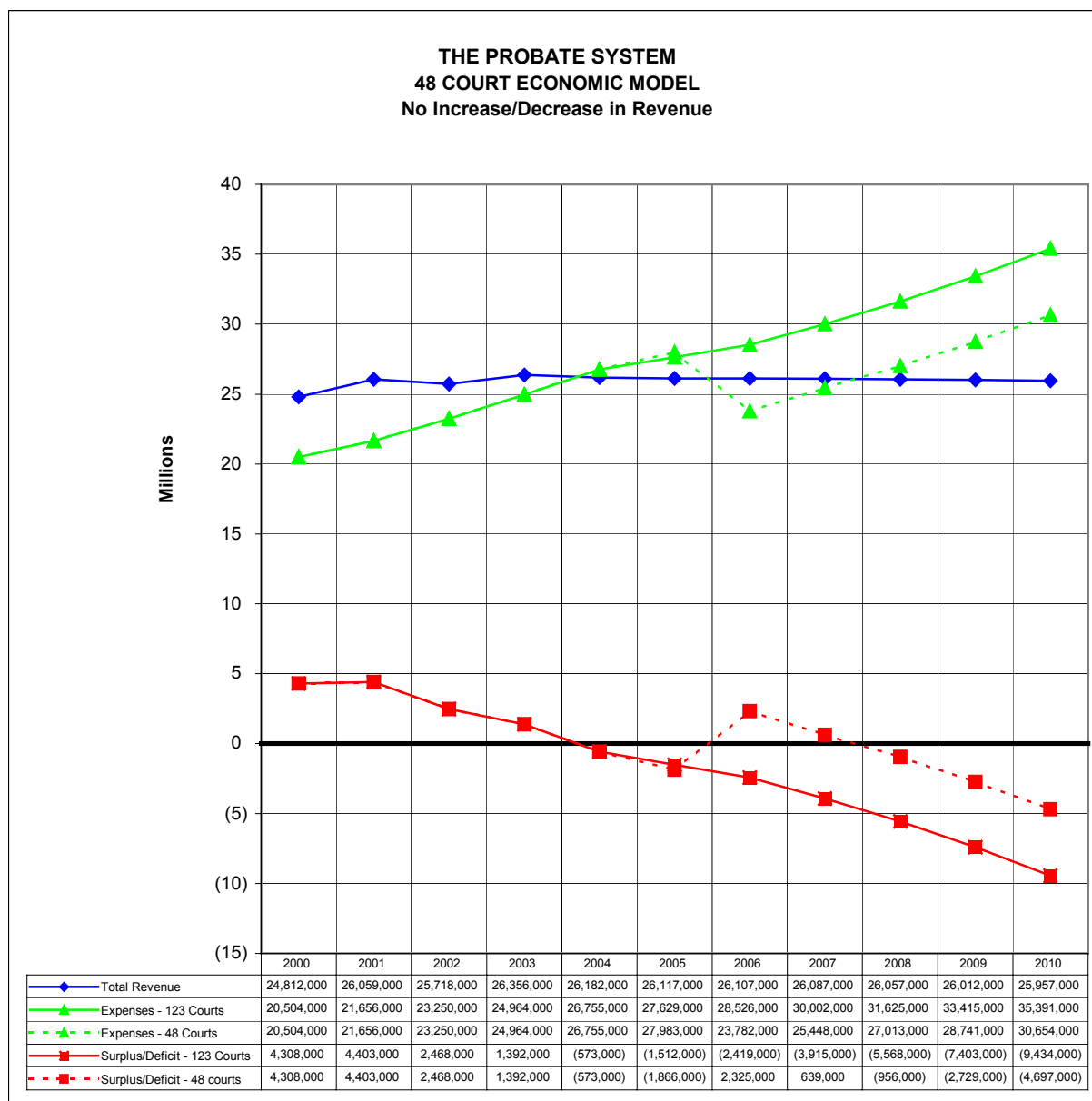
2. 48-Court Plan

I studied several plans that permit resolution of the financial difficulties of the probate court system. As a first step, I considered a simple reduction in the number of courts from 123 to 48 contiguous courts statewide. I did not give careful consideration to the needs of the regions served by courts or to the weaknesses or benefits of the resulting combinations. For example, I did not consider the geographic elements that might make a combination undesirable or even impossible. Rather, I assumed that if a workable, economic model could be established, I would be able to establish an operating model within the economic parameters. The actual identity of the courts involved in the individual assemblages is not important and would only become so if the economic model were developed into an actual working model. For purposes of the model, I made assumptions as follows:

- Income would be roughly stable until 2010. No adjustment is made for a reduction in income by the phase-out of the succession tax.
- Staff compensation would be reduced by 10% in the first year. I believe that the present workflow will continue, and that the present staffing levels will need to be maintained. There would be some modest efficiencies, and some staff would retire or leave for personal reasons. They would not be replaced. I have not conducted a professional survey to verify this assumption.
- Office operating costs may also be reduced. For the purposes of this Plan, I have reduced office-operating costs by 10%. I believe that efficiencies should be experienced as a result of consolidations. I have not verified this assumption independently.
- Health care costs will continue to rise. For the purposes of this Plan, I have estimated the annual rate of increase to be 12%, based upon projections provided by Mellon Financial Services.

Section 1. Exhibit A — Chart showing the experience of the system since 2000, with current projections for 123 courts and with projections for 48 courts.

EXHIBIT A – (See Appendix for supporting data.)



The consequences of the reduction in the number of courts and the resulting financial adjustments set out above produce temporary relief from 2006 to mid-2007 (if enacted in 2005). However, even with 48 courts, the system shows operating losses in all years after 2007.

The 48-court model was used to test other variations. Exhibit B below shows the effect of the shift of the burden for payment of all medical insurance costs to the State of Connecticut in the amount of \$2,544,000 for active judges and staff. This provides partial relief, but it still produces a deficit of \$890,000 in 2010.

Exhibit B – (See Appendix for supporting data.)

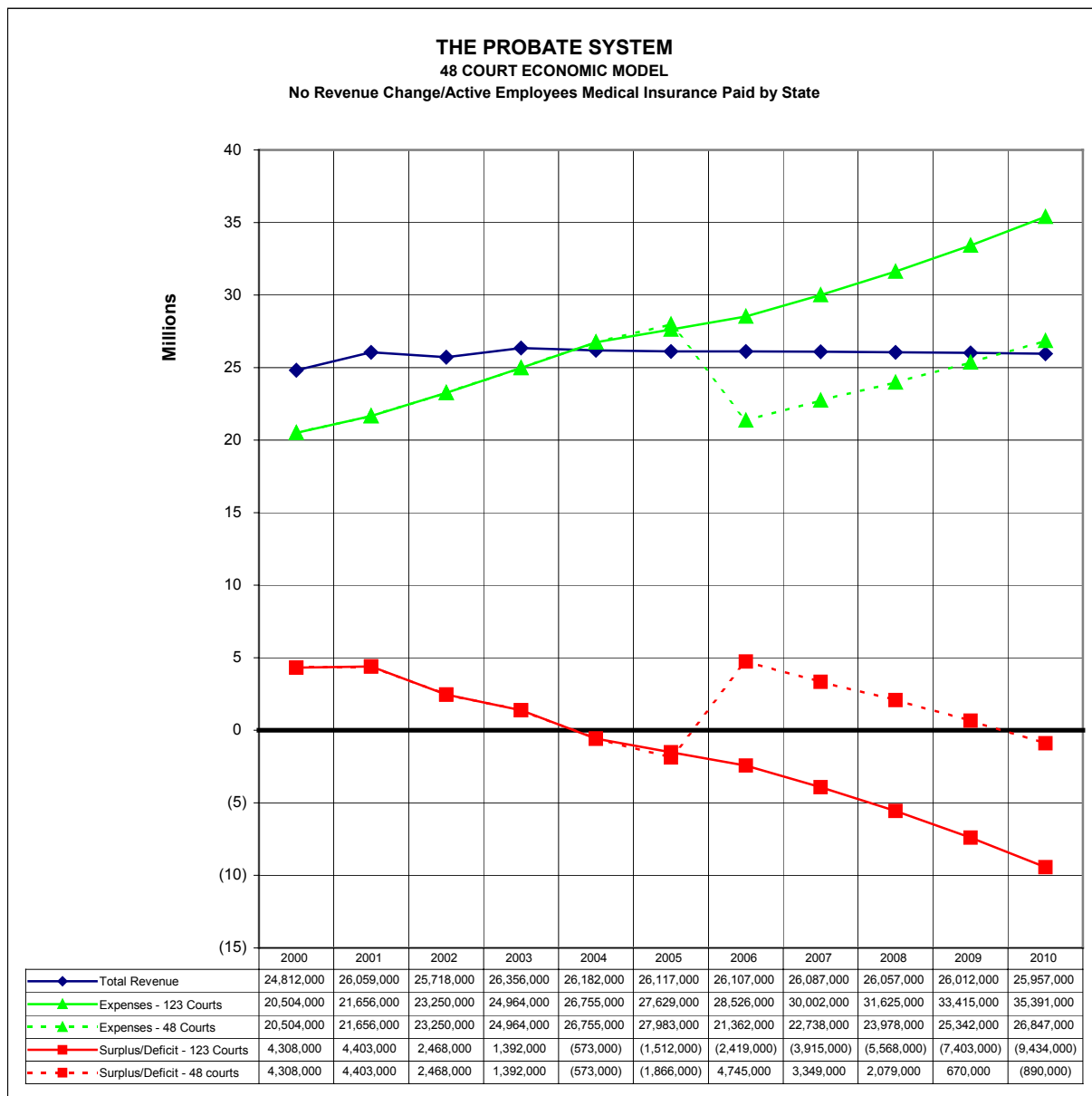
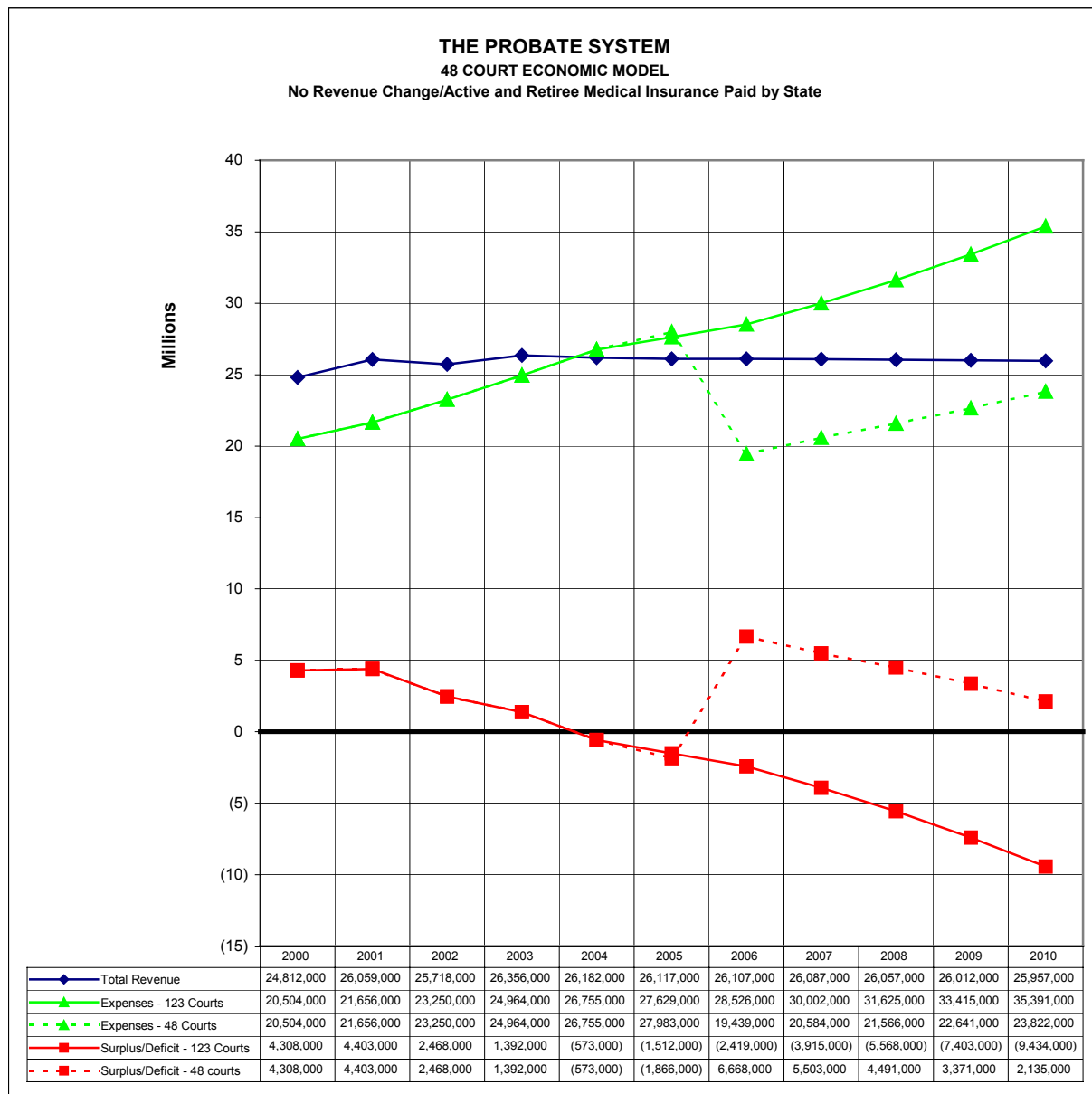


Exhibit C below is similar to Exhibit B, but it adds retirees to the equation. It shows the effect of the shift of the burden for payment of all medical insurance costs to the State of Connecticut in the amount of \$4,261,000 for active judges, staff and retirees. This variation provides a surplus of \$2,135,000 in 2010.

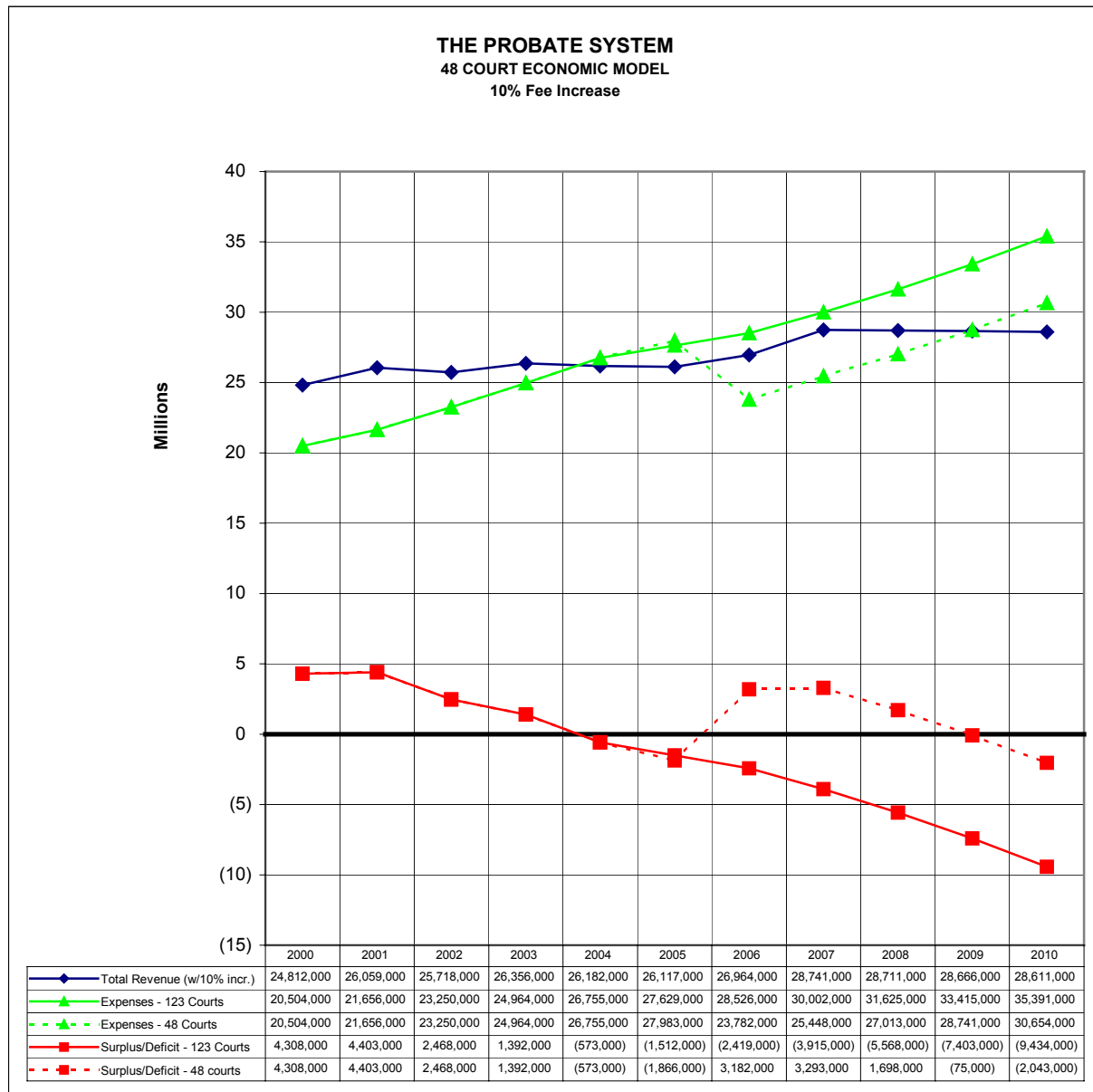
While this latter outcome is favorable, it is dependent upon the immediate passage of legislation. Even then, it only postpones the point at which the system will be experiencing deficits once again.

Exhibit C – (See Appendix for supporting data.)



Section 2. The 48-court model was further adjusted to show the effect of an increase in fees collected by the probate courts for statutory services. It assumed that fees collected by the probate courts would be increased by 10% in 2006 and 2007 and thereafter as a result of legislation enacted in 2005. The results are set forth in Exhibit D below.

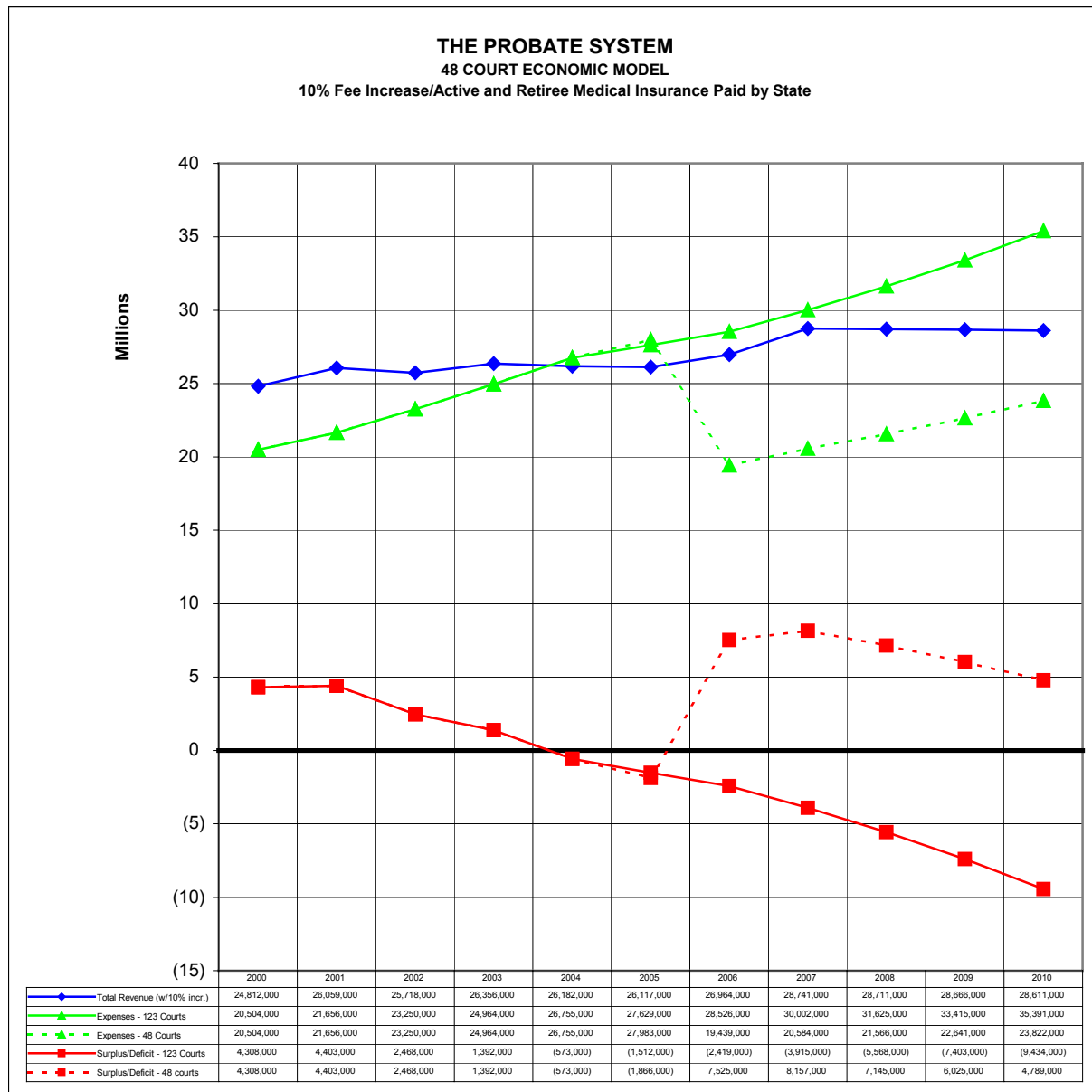
Exhibit D – (See Appendix for supporting data.)



The fee increases produced some relief; however, there is also a potential risk that as probate fees are raised, increasing numbers of Connecticut's citizens may flee the system, thereby resulting in lower, not higher, revenue to the probate courts. Groups such as AARP are already concerned about the high level of probate fees, which currently act as a tax on the bereaved in this state. Support of less expensive probate systems is a policy nationwide.

Variations were developed in the same manner as in Section 1 above, taking into consideration the effect of the transfer of the obligation to pay health care costs, first for active judges and staff and second for retirees. These produced improvements in net income in 2010 in both cases. The surpluses existing during years 2006 through 2010 are declining, and extension of the experience over those years reveals that a deficit is probable by 2014. Details of the foregoing are set forth in Exhibit E below.

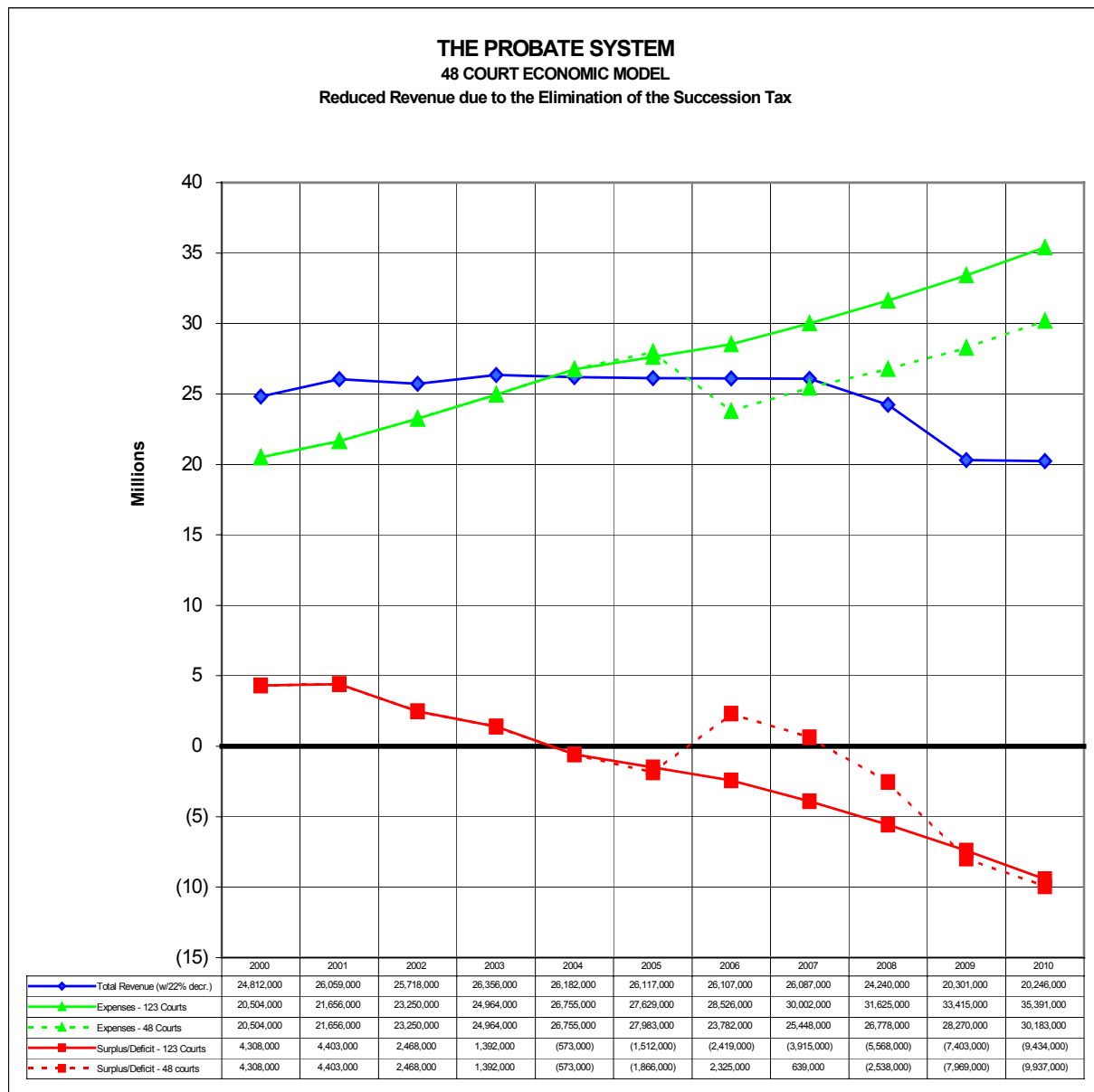
Exhibit E – (See Appendix for supporting data.)



Section 3. For the purpose of this discussion, I then considered the eventual repeal of the succession tax as a factor. When the succession tax obligation is eliminated in 2008, the result will be a severe deficit under any set of conditions – even one in which the system is relieved of all of the health insurance obligations. It is reasonable that we should be concerned about the effect of the elimination of the need for filing succession tax returns. Legislation has mandated the elimination of the tax to make the state more attractive to retirees. The phase-out has been postponed in the past, but it is not reasonable to expect that it will continue to be postponed indefinitely. The elimination of

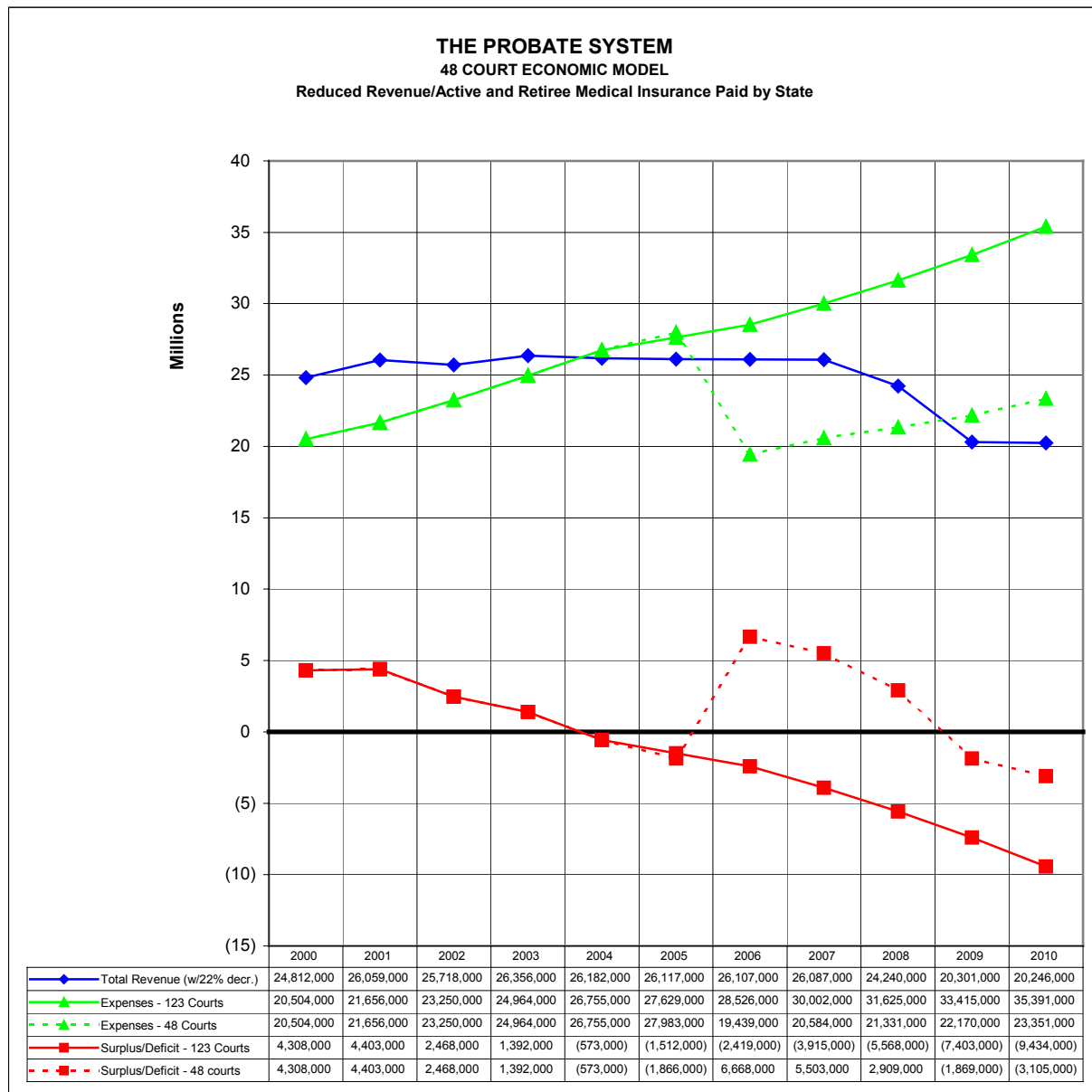
the obligation to file the succession tax causes the 48-court model to fail. For purposes of this example, it is assumed that fees collected by the Probate Courts would be reduced by 7% in 2008 and by 15% in 2009. The results are set forth in Exhibit F below.

Exhibit F – (See Appendix for supporting data.)



The losses in 2008 and in years after are considerable. Variations were developed in the same manner as in Section 1 above, taking into consideration the effect of the transfer of the obligation to pay health care costs, first for active judges and staff and second for retirees. These produced improvements in net income in 2010 in both cases, but the net revenue continued to be negative by a significant sum. Details are set forth in Exhibit G below.

Exhibit G – (See Appendix A for supporting data.)



It is possible to maintain a probate court system with 48 courts under the following conditions: 1) fee increases are legislated, 2) such fee increases are accepted by the citizens, and 3) the General Fund assumes the obligation for payment of health care insurance costs, which presently total \$4,000,000 annually. However, such a system will not be able to sustain the likely reduction of the fee revenue currently generated through the filing of succession tax returns in the probate courts. In order to respond to this revenue loss, the elimination of 75 courts must be completed in 2005. A delay past that date will result in losses that cannot be sustained.

A delay past 2005 will also coincide with the 2006 election cycle. Probate judges are elected to serve four-year terms, and judges who are elected in 2006 will be entitled to serve until 2010 under the terms of Connecticut's Constitution. In addition, budget conditions existing as of 2006 will be firmly fixed if they are permitted to remain in place during the four-year terms of the newly elected judges.

From the foregoing, I conclude that closing 75 courts will only produce temporary economic relief. Without increases in income or reductions in expenses, the system will show substantial deficits in 2008, 2009, 2010 and for every year thereafter.

3. Plan to Reorganize the Existing Courts

Introduction

For years, the judges of the large courts have debated their counterparts in the small courts, with each claiming to be the "model probate court" contemplated in the statutes. The judges in the large and small courts also believe that they are entitled to have the structure of the system revised to reflect the character of their respective courts.

The judges in the larger courts serve in Connecticut's major population centers. They adjudicate difficult cases, manage problems arising out of significant social issues, consider technical legal problems, and, in general, manage a legal system that affects the lives and fortunes of many thousands of people. They are courts of law and equity, and they apply strict legal standards in the management of legal problems.

Judges serving in the smaller courts provide services to their local communities. They are the town courts that provide a social service element to their constituents, assist residents in managing issues that are important to them, and provide a level of guidance in matters involving estates. The small courts assist in the preparation of probate documents and in the transfer of assets. They provide counsel and comfort in times of distress and are flexible, caring and mindful of the individual needs of the people they serve.

On reflection, it appears that the judges of the large courts and the judges of the small courts are both correct. The probate system that has evolved embraces both types of courts. The challenge is to resolve the problems described above, while at the same time respecting the large and small courts and the very different roles that they fill in dispensing justice and providing services to the citizens of Connecticut. To that end, the following is proposed as an alternative offering.

A. Overview of the Proposed Reorganization Plan

The probate court system will be comprised of the existing probate districts as set forth in C.G.S. §45a-2. Probate districts with populations over 50,000 will be "urban probate courts." Districts with populations under 50,000 will be known as "local probate courts." It is anticipated that the number of urban probate courts may increase over time if local probate courts wish to voluntarily merge with other probate districts. This Plan does not envision any mandatory mergers of courts and is designed to be flexible and respond to local needs to the greatest extent possible.

In addition to urban and local courts, some probate courts may be designated as “specialty courts” that will handle children’s matters, mental health issues, or other specialized cases. This division of the existing probate system into different categories of courts will enable the system to avoid a “one size fits all approach” and to target the type of court to the needs of a particular region or probate district.

B. Courts

Urban Probate Courts – Urban probate courts are those that serve probate districts with populations of 50,000 or more persons and have a large volume of cases. Each urban probate court shall:

- Manage all of the routine business within the district.
- Conduct hearings, handle matters that require adjudication, and provide services requiring sophisticated legal skills and expertise generally developed through specialized legal training.
- Manage all adjudicative hearings and other related matters originating throughout the district served by the urban probate court.
- Provide services and perform any related administrative duties to address and provide for the needs of the persons within their districts or within the larger surrounding region in order to manage the cases pending before them.

Local Probate Courts - Local probate courts shall serve towns or districts having populations of fewer than 50,000 people. Local probate courts shall:

- Manage all of the routine business within their district.
- Assist in the preparation of routine probate documents.
- Provide informational guidance in the administration of decedents’ estates.
- Provide informational guidance in various matters, including matters involving children and the elderly.
- Administer matters under the streamline process and adjudicate non-contested matters.
- Perform administrative duties and services to provide for the needs of persons within the local community.
- Generally assist people at the most critical times of their lives by providing efficient, compassionate, capable service in a legal system that meets their needs.

All matters arising in the local probate court that are contested and require adjudication, including the presentation of evidence or the conduct of hearings, shall be transferred to a trial judge serving the region that includes the local probate court.

Specialty courts – The Probate Court Administrator may establish courts for the management of cases where special court facilities or the unique training of the judge and staff in a particular subject matter is essential. Specialty courts are presently established to provide services to children, but they may be expanded to other specialty fields, such as mental health or conservatorships. Cases shall be managed under rules that may be established from time to time to respond to the changing needs of Connecticut’s citizens. In some cases, the specialty court activities will be absorbed into

existing court facilities, and the judge then serving will manage the specialty court as a part of his or her expanded duties.

C. Financial Considerations

All income received by the courts shall be paid to the Probate Court Administration Fund, which will thereby eliminate the need for each court to provide detailed financial reports and supervision of its finances. This will help to insure the uniform, efficient management of funds and the provision of more uniform services statewide.

The Probate Court Administrator shall pay the entire cost of operating the urban probate courts, regional probate courts, and the specialty probate courts.

The cost of operating the local probate courts will be shared between the Probate Court Administration Fund through the Office of the Probate Court Administrator and the towns served by the local probate court. The contribution of the Probate Court Administrator shall be equal to one half of the contribution of the town, subject to the limitations set forth below. The expense incurred for medical insurance premiums by the Probate Court Administrator shall be treated as part of the contribution of the Probate Court Administrator. The entire share of the Probate Court Administrator shall not exceed an amount equal to the population of the town or towns served by the court multiplied by \$2.00.

D. Judicial Service, Compensation and Qualifications

1. Election and Types of Judges

Probate judges shall be elected to serve in the manner and for the term prescribed by C.G.S. §45a-18. From the judges so elected, the Probate Court Administrator shall nominate, and the Chief Justice shall appoint:

A. Trial Judges – Trial judges will be needed to preside over and conduct adjudicative hearings. Trial judges will be those probate judges trained in the law who have substantial experience in handling contested matters. Probate trial judges will be given further training in the handling of disputed cases, the rules of evidence, and other issues related to the conduct of contested hearings. The Probate Court Administrator may nominate judges of both urban and local probate courts as trial judges based on which judges demonstrate the requisite skill, experience and expertise. Trial court judges shall hear all matters requiring adjudicative hearings.

B. Regional Judges – The work of the various courts within the probate system shall change, particularly during the transition period after implementation of this Plan and until the courts are fully reorganized. It is desirable to provide a higher quality of support to the courts, particularly to those in more remote areas and those with limited staffing. Regional judges will be empowered to provide support and supervision to courts within their regions by assuring proper and timely disposition of cases, the assignment and disposition of contested cases, and by providing overall direction and services for administration of all cases in the region. Regional judges will assist in the transition process.

C. Specialty Judges – It is desirable to provide special training for judges who shall hear cases that are unique and unlike those generally considered throughout the probate court system. Therefore, judges selected for work in specialty courts will be provided with training that addresses the special issues within the purview of their court's designation, and they shall be assigned to courts requiring these designated services. Specialty judges will have qualifications and training that will enable them to handle adjudicative matters.

2. Compensation

Compensation for urban and local probate court judges shall be determined by the Connecticut General Statutes. Compensation of local probate judges is dependent upon the availability of funds produced by contributions from the towns and from the Probate Court Administrator. Compensation of specialty judges, trial judges and regional judges shall be established by contract, based on the work performed and fair compensation for that work. The amount of compensation shall reflect the amount of work to be performed, the difficulty of that work, the knowledge and skill required, the amount of compensation otherwise earned by the judge from other duties, and other relevant considerations.

Compensation schedules established under C.G.S. §45a-92 should be amended. Some computations required under the statute depend on information that is neither reliable nor verifiable, thereby resulting in inequities. Modification is not contemplated for the purposes of this report. However, the issue must be addressed promptly, because the effectiveness of the Plan depends upon a more balanced and equitable compensation schedule. A panel of not less than five nor more than ten judges shall be established to generate a revised compensation schedule.

3. Qualifications

Trial, regional, and specialty judges shall be formally trained in the law and shall be attorneys qualified and licensed to practice law in the State of Connecticut.

Local probate judges shall reside in their local probate district and shall not be required to have formal legal training nor to be licensed to practice law in the State of Connecticut. They shall be elected in accordance with the present statutory requirements.

E. Funding

The Probate Court Administrator shall pay charges for the courts as described below.

The Probate Court Administrator shall establish a process under which the judges of all urban, regional, and specialty probate courts shall submit proposed budgets not less than 120 days before the start of each calendar year. The Probate Court Administrator will then review and accept, reject, or modify such proposed budgets. The Probate Court Administrator recognizes the uniqueness of the various courts and shall establish a process that will provide for an orderly transition from the individual accounting systems of the past to the new financial system. A panel of judges shall be appointed to assist the Probate Court Administrator in the event of budgetary disagreements. The

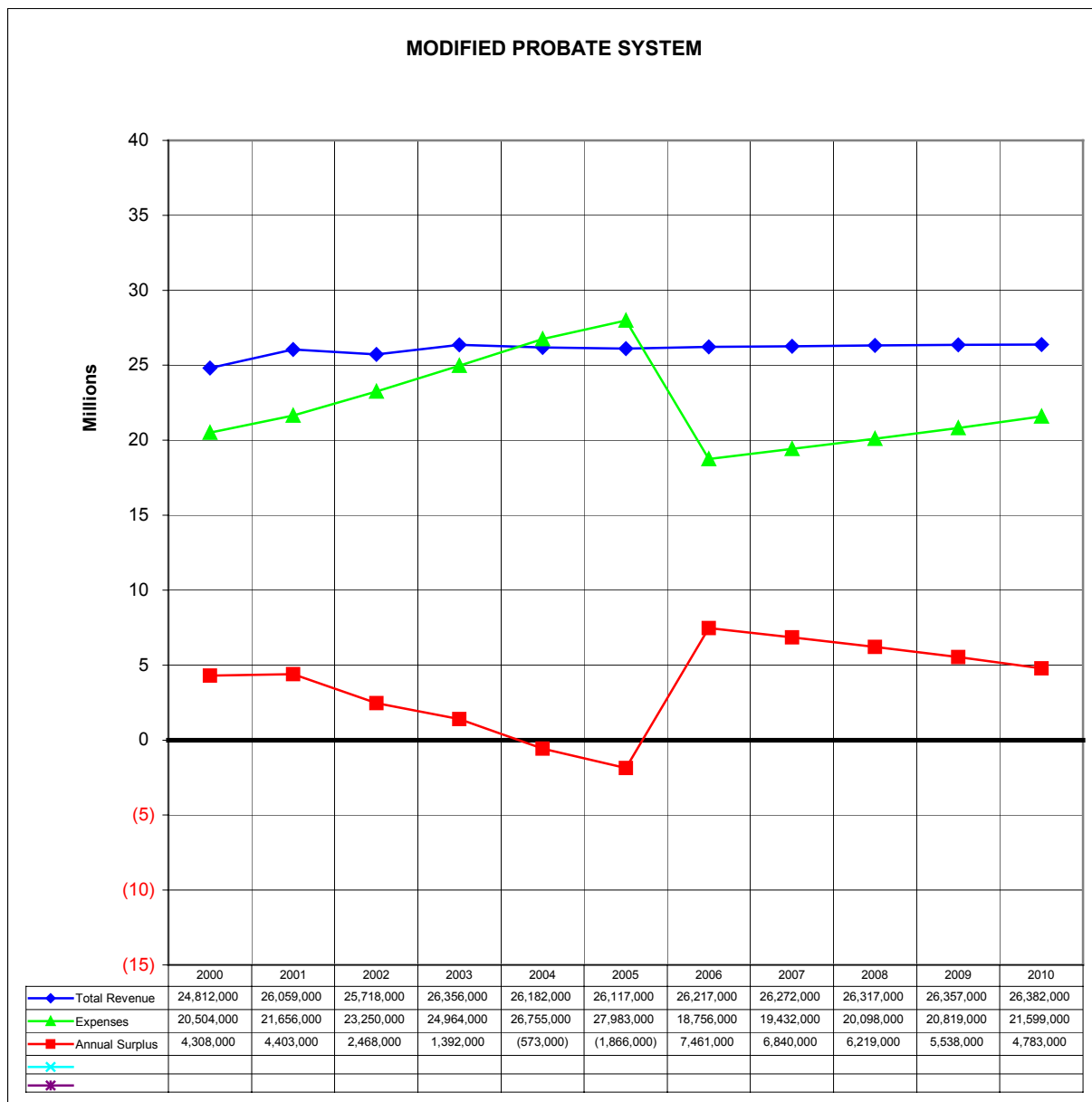
Probate Court Administrator shall pay the costs of the urban probate courts, the regional probate courts, and the specialty probate courts.

The Probate Court Administrator shall pay the costs of the local probate courts up to an amount not to exceed the lesser of:

- (a) the population of the local probate district established at the last census multiplied by a factor of \$2.00, or
- (b) one-half of the amount actually paid by the town under this provision in the court's budget year.

The Probate Court Administrator shall pay to the account of each local probate court the amount set forth in (a) or (b) above. Payments by the Probate Court Administrator for health care benefits of the judges and staff will be treated as part of the Probate Court Administrator's payment for this purpose; provided, however, that the amount contributed by the Probate Court Administrator shall not exceed an amount equal to the population of the local district established at the last census multiplied by a factor of \$2.00. The effect of this is shown in Exhibit H.

EXHIBIT H – (See Appendix for supporting data.)



A Comparison of the 48-Court Proposal and the Probate Court Administrator's Reorganization Plan: Benefits of Reorganization

Mandatory consolidation or merger of local probate districts has been an unpopular concept in every study or discussion of the probate system in recent memory. On the other hand, every study of the probate system in recent years has also raised serious issues about the long-term financial viability of the probate courts unless fiscal control is achieved and structural changes are made to the system. I have tried to create a plan that will achieve both of these goals: it calls for no involuntary consolidations, while at the same time it creates a program that will lead to financial viability for the courts. No proposal is perfect, but I believe the concept of reorganizing the existing courts and allowing local communities to decide what is best for them is preferable to mandatory downsizing and forced consolidation.

The advantage of the 48-court plan is simplicity: there will be a predictable number of courts. Some communities will see themselves as winners and others as losers in the process. But there are significant drawbacks. The fact that such a plan only buys a limited period of time – and not a very long period at that – is its primary weakness. The plan to reorganize the courts, on the other hand, provides a great deal more flexibility to towns and courts across the state and provides financial stability. By keeping local probate courts as part of the reorganized probate system in Connecticut, the needs of local communities can be supported and addressed by the communities themselves. Routine matters will continue to be handled expeditiously and locally. Estates can be opened promptly, wills can be admitted to probate quickly, and basic forms will be processed efficiently. If a town does not wish to have a local probate court, it will not be required to do so. Its residents will then be served by a nearby probate court.

The creation of centralized districts with more substantial resources to serve a region and handle adjudicative cases also provides important benefits to the citizens of this state. Many local courts are necessarily open limited hours while the trial, regional, and specialized courts can provide services to these residents when their local probate court is not open. Extensive specialized training will assist the trial judges who will handle the contested matters, and important benefits, such as advanced training in trial techniques and specialized probate mediation training, can be offered to these trial judges on a more intensive basis. It is not cost effective to provide this training to all 123 courts, because not all courts are called on now to handle all types of matters. Further, due to cost and the varied backgrounds in training and experience, this type of training is not currently possible for all judges in all courts. Because the system's resources will no longer be spread so thin, these new training initiatives can be made readily available, instead of trying to make all 123 existing courts be all things to all people, as is presently the case. With reorganization of the existing courts into different types, each court can focus on its own unique mandate and better serve our citizens.

These are just several of the benefits of a reorganized, rather than simply a downsized, probate system. But regardless of which system is ultimately chosen, fiscal responsibility is a crucially important component of this proposal. Currently, there is no system-wide accountability or overall budget control, and costs are beginning to get out of hand. Because of differences in population and income levels, the existing resources and funds for a given district are not always matched to local needs, a feature that has led to a significant disparity in staffing and resources across the state. Some districts with the same populations may have quite different staffing levels and resources available. Statewide budgeting and fiscal controls will help balance the resources

across the state and begin to limit the steady increases in costs that have come to dominate the system in recent years. If the reorganization plan is chosen, these results can be achieved while still keeping local probate courts in Connecticut.

Conclusion

The reorganization of the probate court system described in this report will require complex changes. The 48-court system, while appealing in its simplicity, does not provide the financial savings that the system ultimately needs, nor the flexibility and choice that our existing system provides. I believe that the Reorganization Plan, which is a modification of the existing system to include different types of courts to serve very different types of communities and their diverse needs, is the most realistic alternative. Adjustments will be required in arrangements with the towns served by the various courts. Staff relationships and compensation provisions will require revision, and there will be some changes in the level and nature of services to some communities, based on the extent to which these communities wish to contribute to the costs of the local courts.

Authority should be granted to the Probate Court Administrator to establish operating standards and procedures in order to maintain stability in the system and to allow for an orderly transition. Accordingly, the Probate Court Administrator should be granted the needed powers, especially those relating to finance, budget and the recommendation of regional and specialty courts. This will include the authority to reassign cases and to adopt regulations governing administrative procedures of the courts, the availability of judges, court facilities, court personnel and salaries, and hours of court operation. This authority of the Probate Court Administrator will be controlled in the exercise of those powers through a reporting and approval mechanism established with the Judicial Branch. Thereafter, a deadline should be established for submission of final recommendations and adoption of appropriate statutes and regulations for the future operation of the courts.

During the period preceding the deadline, the Probate Court Administrator's Office should begin to assemble comments and ideas to refine the probate system. These elements are secondary to the financial considerations that form the backbone of this report, but they are of vital importance to insure the ultimate refinement of the system into one that will provide for the effective and efficient delivery of legal services and the administration of justice throughout the State of Connecticut. Therefore, the Probate Court Administrator should establish a process to consider the counsel of all segments of the legal community and the public to the greatest extent possible. This process will enable the Administrator and all interested parties to discuss and submit additional refinements to the Judicial Branch and, ultimately, to the Legislature for their respectful consideration and adoption.

The probate system, like the rest of our society, is not and cannot be a static institution. Opponents of change may argue that the court system has worked for all of these years, and if it is not broken, then why should we bother to fix it? The problem with such an approach is the fact that the numbers are now telling us, incontrovertibly and unquestionably, that the system is beginning to break, piece by piece. The system is cracking at the edges and is poised for some kind of change. We can direct that change if we seize the opportunity now. It is my hope that reorganizing – not downsizing – the existing system will continue to allow gradual change for the future and will provide a better result for the citizens of this state.

Appendix to Reorganization Plan

1.	Supporting Data - Exhibit A	Page APP - 1
2.	Supporting Data - Exhibit B	Page APP - 2
3.	Supporting Data - Exhibit C	Page APP - 3
4.	Supporting Data - Exhibit D	Page APP - 4
5.	Supporting Data - Exhibit E	Page APP - 5
6.	Supporting Data - Exhibit F	Page APP - 6
7.	Supporting Data - Exhibit G	Page APP - 7
8.	Supporting Data – Exhibit H	Page APP - 8

**THE PROBATE SYSTEM
48 COURT ECONOMIC MODEL (5/26/2004)**

No Increase/Decrease in Revenue

	2000	2001	2002	2003	2004	2005	Cost Reduction	2006	2007	2008	2009	2010
Gross Court Receipts	23,724,000	24,664,000	25,004,000	25,957,000	25,957,000	25,957,000		25,957,000	25,957,000	25,957,000	25,957,000	25,957,000
Interest Income	1,088,000	1,395,000	714,000	399,000	225,000	160,000		150,000	130,000	100,000	55,000	0
Revenue	24,812,000	26,059,000	25,718,000	26,356,000	26,182,000	26,117,000		26,107,000	26,087,000	26,057,000	26,012,000	25,957,000
Staff Salaries	6,940,000	7,366,000	7,780,000	8,256,000	8,669,000	9,102,000	910,000	8,602,000	9,032,000	9,484,000	9,958,000	10,456,000
Other Expenses	2,160,000	2,256,000	2,302,000	2,498,000	2,573,000	2,650,000	265,000	2,457,000	2,531,000	2,607,000	2,685,000	2,766,000
Judges' Compensation	5,909,000	6,195,000	6,518,000	6,439,000	6,439,000	6,793,000	2,562,000	4,464,000	4,710,000	4,710,000	4,710,000	4,710,000
PA Expenses	3,025,000	3,285,000	3,721,000	4,374,000	5,270,000	5,177,000		3,916,000	4,311,000	4,765,000	5,288,000	5,890,000
Ins.-Active (net of reimt	1,491,000	1,563,000	1,792,000	2,028,000	2,271,000	2,544,000	383,000	2,420,000	2,710,000	3,035,000	3,399,000	3,807,000
Ins.-Retired	979,000	991,000	1,137,000	1,369,000	1,533,000	1,717,000		1,923,000	2,154,000	2,412,000	2,701,000	3,025,000
Expenses	20,504,000	21,656,000	23,250,000	24,964,000	26,755,000	27,983,000	4,120,000	23,782,000	25,448,000	27,013,000	28,741,000	30,654,000
Surplus / Deficit	4,308,000	4,403,000	2,468,000	1,392,000	(573,000)	(1,866,000)		2,325,000	639,000	(956,000)	(2,729,000)	(4,697,000)
Total Revenue	24,812,000	26,059,000	25,718,000	26,356,000	26,182,000	26,117,000		26,107,000	26,087,000	26,057,000	26,012,000	25,957,000
Total Expenses	20,504,000	21,656,000	23,250,000	24,964,000	26,755,000	27,983,000		23,782,000	25,448,000	27,013,000	28,741,000	30,654,000
Surplus / Deficit	4,308,000	4,403,000	2,468,000	1,392,000	(573,000)	(1,866,000)		2,325,000	639,000	(956,000)	(2,729,000)	(4,697,000)

The Courts report on a calendar year basis. The PAF reports on a fiscal year ending 6/30.

Assumptions:

Salary Expense: 10% saving from consolidation. Average annual raises to staff of 5%.
Court Operating Expenses: 10% saving from consolidation. Average annual increase of 3%.
Judges' Salaries increase 5.5% in '05, '06, '07.
Medical Insurance increases 12% per year

**THE PROBATE SYSTEM
48 COURT ECONOMIC MODEL (5/26/2004)
No Revenue Change/Active Employees' Medical Insurance Paid by State**

	2000	2001	2002	2003	2004	2005	Cost Reduction			
Gross Court Receipts	23,724,000	24,664,000	25,004,000	25,957,000	25,957,000	25,957,000	25,957,000	25,957,000	25,957,000	25,957,000
Interest Income	1,088,000	1,395,000	714,000	399,000	225,000	160,000	150,000	130,000	55,000	0
Revenue	24,812,000	26,059,000	25,718,000	26,356,000	26,182,000	26,117,000	26,107,000	26,087,000	26,012,000	25,957,000
Staff Salaries	6,940,000	7,366,000	7,780,000	8,256,000	8,669,000	9,102,000	910,000	9,032,000	9,484,000	9,958,000
Other Expenses	2,160,000	2,256,000	2,302,000	2,498,000	2,573,000	2,650,000	265,000	2,531,000	2,607,000	2,685,000
Judges' Compensation	5,909,000	6,195,000	6,518,000	6,439,000	6,439,000	6,793,000	2,562,000	4,710,000	4,710,000	4,710,000
PA Expenses	3,025,000	3,285,000	3,721,000	4,374,000	5,270,000	5,177,000	3,916,000	4,311,000	4,765,000	5,288,000
Ins.-Active (net of reimt	1,491,000	1,563,000	1,792,000	2,028,000	2,271,000	2,544,000				
Ins.-Retired	979,000	991,000	1,137,000	1,369,000	1,533,000	1,717,000				
Expenses	20,504,000	21,656,000	23,250,000	24,964,000	26,755,000	27,983,000	3,737,000	21,362,000	22,738,000	23,978,000
Surplus / Deficit	4,308,000	4,403,000	2,468,000	1,392,000	(573,000)	(1,866,000)	4,745,000	3,349,000	2,079,000	(890,000)
Total Revenue	24,812,000	26,059,000	25,718,000	26,356,000	26,182,000	26,117,000		26,087,000	26,057,000	26,012,000
Total Expenses	20,504,000	21,656,000	23,250,000	24,964,000	26,755,000	27,983,000		22,738,000	23,978,000	25,342,000
Surplus / Deficit	4,308,000	4,403,000	2,468,000	1,392,000	(573,000)	(1,866,000)		3,349,000	2,079,000	(890,000)

The Courts report on a calendar year basis. The PAF reports on a fiscal year ending 6/30.

Assumptions:

Salary Expense: 10% saving from consolidation. Average annual raises to staff of 5%.
 Court Operating Expenses: 10% saving from consolidation. Average annual increase of 3%.
 Judges' Salaries increase 5.5% in '05, '06, '07.
 Cost of medical insurance for active employees is paid by the State of Connecticut.
 Medical Insurance increases 12% per year.

**THE PROBATE SYSTEM
48 COURT ECONOMIC MODEL (5/26/2004)
No Revenue Change/Active and Retiree Medical Insurance Paid by State**

	2000	2001	2002	2003	2004	2005	Cost Reduction	2006	2007	2008	2009	2010
Gross Court Receipts	23,724,000	24,664,000	25,004,000	25,957,000	25,957,000	25,957,000		25,957,000	25,957,000	25,957,000	25,957,000	25,957,000
Interest Income	1,088,000	1,395,000	714,000	399,000	225,000	160,000		150,000	130,000	100,000	55,000	0
Revenue	24,812,000	26,059,000	25,718,000	26,356,000	26,182,000	26,117,000		26,107,000	26,087,000	26,057,000	26,012,000	25,957,000
Staff Salaries	6,940,000	7,366,000	7,780,000	8,256,000	8,669,000	9,102,000	910,000	8,602,000	9,032,000	9,484,000	9,958,000	10,456,000
Other Expenses	2,160,000	2,256,000	2,302,000	2,498,000	2,573,000	2,650,000	265,000	2,457,000	2,531,000	2,607,000	2,685,000	2,766,000
Judges' Compensation	5,909,000	6,195,000	6,518,000	6,439,000	6,439,000	6,793,000	2,562,000	4,464,000	4,710,000	4,710,000	4,710,000	4,710,000
PA Expenses	3,025,000	3,285,000	3,721,000	4,374,000	5,270,000	5,177,000		3,916,000	4,311,000	4,765,000	5,288,000	5,890,000
Ins.-Active (net of reimt	1,491,000	1,563,000	1,792,000	2,028,000	2,271,000	2,544,000		0	0	0	0	0
Ins.-Retired	979,000	991,000	1,137,000	1,369,000	1,533,000	1,717,000		0	0	0	0	0
Expenses	20,504,000	21,656,000	23,250,000	24,964,000	26,755,000	27,983,000	3,737,000	19,439,000	20,584,000	21,566,000	22,641,000	23,822,000
Surplus / Deficit	4,308,000	4,403,000	2,468,000	1,392,000	(573,000)	(1,866,000)		6,668,000	5,503,000	4,491,000	3,371,000	2,135,000
Total Revenue	24,812,000	26,059,000	25,718,000	26,356,000	26,182,000	26,117,000		26,107,000	26,087,000	26,057,000	26,012,000	25,957,000
Total Expenses	20,504,000	21,656,000	23,250,000	24,964,000	26,755,000	27,983,000		19,439,000	20,584,000	21,566,000	22,641,000	23,822,000
Surplus / Deficit	4,308,000	4,403,000	2,468,000	1,392,000	(573,000)	(1,866,000)		6,668,000	5,503,000	4,491,000	3,371,000	2,135,000

The Courts report on a calendar year basis. The PAF reports on a fiscal year ending 6/30.

Assumptions:

Salary Expense: 10% saving from consolidation. Average annual raises to staff of 5%.
 Court Operating Expenses: 10% saving from consolidation. Average annual increase of 3%.
 Judges' Salaries increase 5.5% in '05, '06, '07.
 Cost of medical insurance for active employees is paid by the State of Connecticut.
 Cost of medical insurance for retirees is paid by the State of Connecticut.

**THE PROBATE SYSTEM
48 COURT ECONOMIC MODEL (5/27/2004)**

10% Fee Increase

	2000	2001	2002	2003	2004	2005	Cost Reduction	2006	2007	2008	2009	2010
Gross Court Receipts	23,724,000	24,664,000	25,004,000	25,957,000	25,957,000	25,957,000		26,814,000	28,611,000	28,611,000	28,611,000	28,611,000
Interest Income	1,088,000	1,395,000	714,000	399,000	225,000	160,000		150,000	130,000	100,000	55,000	0
Revenue	24,812,000	26,059,000	25,718,000	26,356,000	26,182,000	26,117,000		26,964,000	28,741,000	28,711,000	28,666,000	28,611,000
Staff Salaries	6,940,000	7,366,000	7,780,000	8,256,000	8,669,000	9,102,000	910,000	8,602,000	9,032,000	9,484,000	9,958,000	10,456,000
Other Expenses	2,160,000	2,256,000	2,302,000	2,498,000	2,573,000	2,650,000	265,000	2,457,000	2,531,000	2,607,000	2,685,000	2,766,000
Judges' Compensation	5,909,000	6,195,000	6,518,000	6,439,000	6,439,000	6,793,000	2,562,000	4,464,000	4,710,000	4,710,000	4,710,000	4,710,000
PA Expenses	3,025,000	3,285,000	3,721,000	4,374,000	5,270,000	5,177,000		3,916,000	4,311,000	4,765,000	5,288,000	5,890,000
Ins.-Active (net of reimt	1,491,000	1,563,000	1,792,000	2,028,000	2,271,000	2,544,000	383,000	2,420,000	2,710,000	3,035,000	3,399,000	3,807,000
Ins.-Retired	979,000	991,000	1,137,000	1,369,000	1,533,000	1,717,000		1,923,000	2,154,000	2,412,000	2,701,000	3,025,000
Expenses	20,504,000	21,656,000	23,250,000	24,964,000	26,755,000	27,983,000	4,120,000	23,782,000	25,448,000	27,013,000	28,741,000	30,654,000
Surplus / Deficit	4,308,000	4,403,000	2,468,000	1,392,000	(573,000)	(1,866,000)		3,182,000	3,293,000	1,698,000	(75,000)	(2,043,000)
Total Revenue	24,812,000	26,059,000	25,718,000	26,356,000	26,182,000	26,117,000		26,964,000	28,741,000	28,711,000	28,666,000	28,611,000
Total Expenses	20,504,000	21,656,000	23,250,000	24,964,000	26,755,000	27,983,000		23,782,000	25,448,000	27,013,000	28,741,000	30,654,000
Surplus / Deficit	4,308,000	4,403,000	2,468,000	1,392,000	(573,000)	(1,866,000)		3,182,000	3,293,000	1,698,000	(75,000)	(2,043,000)

The Courts report on a calendar year basis. The PAF reports on a fiscal year ending 6/30.

Assumptions:

A 10% fee increase is enacted in 2005, taking effect in 2006 and 2007
 Salary Expense: 10% saving from consolidation. Average annual raises to staff of 5%.
 Court Operating Expenses: 10% saving from consolidation. Average annual increase of 3%.
 Judges' Salaries increase 5.5% in '05, '06, '07.
 Medical Insurance increases 12% per year.

THE PROBATE SYSTEM
48 COURT ECONOMIC MODEL (5/27/2004)
10% Fee Increase/Active and Retiree Medical Insurance Paid by State

	2000	2001	2002	2003	2004	2005	Cost Reduction		2006	2007	2008	2009	2010
Gross Court Receipts	23,724,000	24,664,000	25,004,000	25,957,000	25,957,000	25,957,000			26,814,000	28,611,000	28,611,000	28,611,000	28,611,000
Interest Income	1,088,000	1,395,000	714,000	399,000	225,000	160,000			150,000	130,000	100,000	55,000	0
Revenue	24,812,000	26,059,000	25,718,000	26,356,000	26,182,000	26,117,000			26,964,000	28,741,000	28,711,000	28,666,000	28,611,000
Staff Salaries	6,940,000	7,366,000	7,780,000	8,256,000	8,669,000	9,102,000	910,000		8,602,000	9,032,000	9,484,000	9,958,000	10,456,000
Other Expenses	2,160,000	2,256,000	2,302,000	2,498,000	2,573,000	2,650,000	265,000		2,457,000	2,531,000	2,607,000	2,685,000	2,766,000
Judges' Compensation	5,909,000	6,195,000	6,518,000	6,439,000	6,439,000	6,793,000	2,562,000		4,464,000	4,710,000	4,710,000	4,710,000	4,710,000
PA Expenses	3,025,000	3,285,000	3,721,000	4,374,000	5,270,000	5,177,000			3,916,000	4,311,000	4,765,000	5,288,000	5,890,000
Ins.-Active (net of reimb.)	1,491,000	1,563,000	1,792,000	2,028,000	2,271,000	2,544,000							
Ins.-Retired	979,000	991,000	1,137,000	1,369,000	1,533,000	1,717,000							
Expenses	20,504,000	21,656,000	23,250,000	24,964,000	26,755,000	27,983,000	3,737,000		19,439,000	20,584,000	21,566,000	22,641,000	23,822,000
Surplus / Deficit	4,308,000	4,403,000	2,468,000	1,392,000	(573,000)	(1,866,000)			7,525,000	8,157,000	7,145,000	6,025,000	4,789,000
Total Revenue	24,812,000	26,059,000	25,718,000	26,356,000	26,182,000	26,117,000			26,964,000	28,741,000	28,711,000	28,666,000	28,611,000
Total Expenses	20,504,000	21,656,000	23,250,000	24,964,000	26,755,000	27,983,000			19,439,000	20,584,000	21,566,000	22,641,000	23,822,000
Surplus / Deficit	4,308,000	4,403,000	2,468,000	1,392,000	(573,000)	(1,866,000)			7,525,000	8,157,000	7,145,000	6,025,000	4,789,000

The Courts report on a calendar year basis. The PAF reports on a fiscal year ending 6/30.

Assumptions:

A 10% fee increase is enacted in 2005, taking effect in 2006 and 2007
Salary Expense: 10% saving from consolidation. Average annual raises to staff of 5%.
Court Operating Expenses: 10% saving from consolidation. Average annual increase of 3%.
Judges' Salaries increase 5.5% in '05, '06, '07.
Cost of medical insurance for active employees is paid by the State of Connecticut.
Cost of medical insurance for retirees is paid by the State of Connecticut.

**THE PROBATE SYSTEM
48 COURT ECONOMIC MODEL (6/2/2004)
Reduced Revenue due to the Elimination of the Succession Tax**

	2000	2001	2002	2003	2004	2005	Cost Reduction	2006	2007	2008	2009	2010
Gross Court Receipts	23,724,000	24,664,000	25,004,000	25,957,000	25,957,000	25,957,000		25,957,000	25,957,000	24,140,000	20,246,000	20,246,000
Interest Income	1,088,000	1,395,000	714,000	399,000	225,000	160,000		150,000	130,000	100,000	55,000	0
Revenue	24,812,000	26,059,000	25,718,000	26,356,000	26,182,000	26,117,000		26,107,000	26,087,000	24,240,000	20,301,000	20,246,000
Staff Salaries	6,940,000	7,366,000	7,780,000	8,256,000	8,669,000	9,102,000	910,000	8,602,000	9,032,000	9,484,000	9,958,000	10,456,000
Other Expenses	2,160,000	2,256,000	2,302,000	2,498,000	2,573,000	2,650,000	265,000	2,457,000	2,531,000	2,607,000	2,685,000	2,766,000
Judges' Compensation	5,909,000	6,195,000	6,518,000	6,439,000	6,439,000	6,793,000	2,562,000	4,464,000	4,710,000	4,475,000	4,239,000	4,239,000
PA Expenses	3,025,000	3,285,000	3,721,000	4,374,000	5,270,000	5,177,000		3,916,000	4,311,000	4,765,000	5,288,000	5,890,000
Ins.-Active (net of reimt	1,491,000	1,563,000	1,792,000	2,028,000	2,271,000	2,544,000	383,000	2,420,000	2,710,000	3,035,000	3,399,000	3,807,000
Ins.-Retired	979,000	991,000	1,137,000	1,369,000	1,533,000	1,717,000		1,923,000	2,154,000	2,412,000	2,701,000	3,025,000
Expenses	20,504,000	21,656,000	23,250,000	24,964,000	26,755,000	27,983,000	4,120,000	23,782,000	25,448,000	26,778,000	28,270,000	30,183,000
Surplus / Deficit	4,308,000	4,403,000	2,468,000	1,392,000	(573,000)	(1,866,000)		2,325,000	639,000	(2,538,000)	(7,969,000)	(9,937,000)
Total Revenue	24,812,000	26,059,000	25,718,000	26,356,000	26,182,000	26,117,000		26,107,000	26,087,000	24,240,000	20,301,000	20,246,000
Total Expenses	20,504,000	21,656,000	23,250,000	24,964,000	26,755,000	27,983,000		23,782,000	25,448,000	26,778,000	28,270,000	30,183,000
Surplus / Deficit	4,308,000	4,403,000	2,468,000	1,392,000	(573,000)	(1,866,000)		2,325,000	639,000	(2,538,000)	(7,969,000)	(9,937,000)

The Courts report on a calendar year basis. The PAF reports on a fiscal year ending 6/30.

Assumptions:

Total Court revenue drops 7% in '08 and 15% in '09 due to the elimination of the succession tax.
Salary Expense: 10% saving from consolidation. Average annual raises to staff of 5%.
Court Operating Expenses: 10% saving from consolidation. Average annual increase of 3%.
Judges' Salaries increase 5.5% in '05, '06, '07.
Medical Insurance increases 12% per year.

**THE PROBATE SYSTEM
48 COURT ECONOMIC MODEL (6/2/2004)
Reduced Revenue/Active and Retiree Medical Insurance Paid by State**

	2000	2001	2002	2003	2004	2005	Cost Reduction	2006	2007	2008	2009	2010
Gross Court Receipts	23,724,000	24,664,000	25,004,000	25,957,000	25,957,000	25,957,000		25,957,000	25,957,000	24,140,000	20,246,000	20,246,000
Interest Income	1,088,000	1,395,000	714,000	399,000	225,000	160,000		150,000	130,000	100,000	55,000	0
Revenue	24,812,000	26,059,000	25,718,000	26,356,000	26,182,000	26,117,000		26,107,000	26,087,000	24,240,000	20,301,000	20,246,000
Staff Salaries	6,940,000	7,366,000	7,780,000	8,256,000	8,669,000	9,102,000	910,000	8,602,000	9,032,000	9,484,000	9,958,000	10,456,000
Other Expenses	2,160,000	2,256,000	2,302,000	2,498,000	2,573,000	2,650,000	265,000	2,457,000	2,531,000	2,607,000	2,685,000	2,766,000
Judges' Compensation	5,909,000	6,195,000	6,518,000	6,439,000	6,439,000	6,793,000	2,562,000	4,464,000	4,710,000	4,475,000	4,239,000	4,239,000
PA Expenses	3,025,000	3,285,000	3,721,000	4,374,000	5,270,000	5,177,000		3,916,000	4,311,000	4,765,000	5,288,000	5,890,000
Ins.-Active (net of reimt)	1,491,000	1,563,000	1,792,000	2,028,000	2,271,000	2,544,000		0	0	0	0	0
Ins.-Retired	979,000	991,000	1,137,000	1,369,000	1,533,000	1,717,000		0	0	0	0	0
Expenses	20,504,000	21,656,000	23,250,000	24,964,000	26,755,000	27,983,000	3,737,000	19,439,000	20,584,000	21,331,000	22,170,000	23,351,000
Surplus / Deficit	4,308,000	4,403,000	2,468,000	1,392,000	(573,000)	(1,866,000)		6,668,000	5,503,000	2,909,000	(1,869,000)	(3,105,000)
Total Revenue	24,812,000	26,059,000	25,718,000	26,356,000	26,182,000	26,117,000		26,107,000	26,087,000	24,240,000	20,301,000	20,246,000
Total Expenses	20,504,000	21,656,000	23,250,000	24,964,000	26,755,000	27,983,000		19,439,000	20,584,000	21,331,000	22,170,000	23,351,000
Surplus / Deficit	4,308,000	4,403,000	2,468,000	1,392,000	(573,000)	(1,866,000)		6,668,000	5,503,000	2,909,000	(1,869,000)	(3,105,000)

The Courts report on a calendar year basis. The PAF reports on a fiscal year ending 6/30.

Assumptions:

Total Court revenue drops 7% in '08 and 15% in '09 due to the elimination of the secession tax.

Salary Expense: 10% saving from consolidation. Average annual raises to staff of 5%.

Court Operating Expenses: 10% saving from consolidation. Average annual increase of 3%.

Judges' Salaries increase 5.5% in '05, '06, '07.

Cost of medical insurance for active employees is paid by the State of Connecticut.

Cost of medical insurance for retirees is paid by the State of Connecticut.

MODIFIED PROBATE SYSTEM

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interest Income	1,088,000	1,395,000	714,000	399,000	225,000	160,000	260,000	315,000	360,000	400,000	425,000
Revenue - Type A	6,315,000	6,448,000	6,601,000	6,829,000	6,829,000	6,829,000	6,829,000	6,829,000	6,829,000	6,829,000	6,829,000
Revenue - Type B	5,654,000	6,034,000	5,949,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000
Revenue - Local	11,755,000	12,182,000	12,454,000	12,828,000	12,828,000	12,828,000	12,828,000	12,828,000	12,828,000	12,828,000	12,828,000
	24,812,000	26,059,000	25,718,000	26,356,000	26,182,000	26,117,000	26,217,000	26,272,000	26,317,000	26,357,000	26,382,000
Expenses - Type A	4,569,000	5,030,000	5,184,000	5,394,000	5,636,000	5,947,000	5,768,000	6,035,000	6,258,000	6,497,000	6,754,000
Expenses - Type B	2,973,000	3,106,000	3,446,000	3,703,000	3,847,000	4,040,000	3,896,000	4,024,000	4,160,000	4,306,000	4,463,000
Expenses - Local	8,958,000	9,244,000	9,762,000	10,124,000	10,469,000	11,102,000	3,203,000	3,174,000	3,142,000	3,106,000	3,064,000
PA Expenses	3,025,000	3,285,000	3,721,000	4,374,000	5,270,000	5,177,000	3,966,000	4,045,000	4,126,000	4,209,000	4,293,000
Ins. Retirees	979,000	991,000	1,137,000	1,369,000	1,533,000	1,717,000	1,923,000	2,154,000	2,412,000	2,701,000	3,025,000
Total Expenses	20,504,000	21,656,000	23,250,000	24,964,000	26,755,000	27,983,000	18,756,000	19,432,000	20,098,000	20,819,000	21,599,000
Surplus/Deficit	4,308,000	4,403,000	2,468,000	1,392,000	(573,000)	(1,866,000)	7,461,000	6,840,000	6,219,000	5,538,000	4,783,000

Assumptions
Local Courts:

Receive funding from the Towns equal to \$4.00 per person in the district and \$2.00 per person from the Probate Administration Fund.

Budgeted Operating Expenses equal \$6.00 per person in the district.

Type B Courts and Local Courts:

The Judges' compensation is based upon the current assessment formula.

Type A Courts:

The Judges' compensation is 75% of a Superior Court Judge.

Salary Expense increases 5% in 2004 and 2005, 3% per year in 2006 and thereafter.

Other Court Operating Expenses increase 3% per year.

Probate Administration Expenses increase 2% per year.

Medical Insurance Expense increases 12% per year.

Medical Insurance for Active Judges and Clerks is included in Court Expenses.

A 10% cost saving is assumed in 2006 for Type A and Type B courts.

Note: An adjustment was made to "Court Expenses" to offset the effect of computing the Courts' medical insurance expense on a calendar year rather than a fiscal year.